



U.S. Department of Agriculture
National Finance Center
Administrative Billings and Collections Section
P.O. Box 61765, New Orleans, LA 70161

Year-End Salary Offset Tax Issue

This bulletin is to remind agency personnel that bills established in calendar year 2009 **related to gross income adjustments** should be paid in full by December 31, 2009, to avoid negative tax consequences. It is also to serve as a reminder that bills impacting gross income should **not** be established at or near the end of the calendar year where possible. (Bills established for FEHB (Federal Employees Health Benefits) premiums generally have no gross income implications.)

Since the year end processing for W-2s begins on December 26, 2009, those employees who received a "Notice of Intent to Offset Salary" related to gross income adjustments need to be aware that if the debt is not paid in full by December 21, 2009, the outstanding amount of the debt will be added to the gross income amount on their W-2 at year-end. This is necessary since the gross overpayment and all deductions were backed off the employee's W-2 file in the pay period that the debt was processed. This adjustment to the W-2 is necessary to comply with Internal Revenue Service regulations.

If after discussing the information above with your employees, some employees wish to have offsets taken from their salary (1) in an earlier pay period than that for which it is scheduled or (2) for the full amount of the outstanding debt, the personnel office should by **December 22, 2009**, fax the request to 1-888-212-0528 or **email** it to:

ABCO1HS@usda.gov for Homeland Security;
ABCO2TR@usda.gov for Treasury;
ABCO3AG@usda.gov for Agriculture;
ABCO4OTHERS@usda.gov for all other agencies or

(3) If the employee wishes to *write a check for the full amount of the outstanding debt*, the check must be **received by ABCO by December 21, 2009.** Note: If the check is received by ABCO after December 21, 2009, **but not later than December 31, 2009**, a correction will be made and a 2009 W-2C will be issued.

Checks should be mailed to the following address:

USDA-NFC
Administrative Collections
P. O. Box 790342
St. Louis, MO 63179-0342

Please instruct the employee to **include the Debtor Number and the Bill Number** with the check. (Due to the pre-tax benefit of FEHB premiums deducted from salary, check remittances are **not** recommended for FEHB bills of active employees.)

Personnel offices may contact the Administrative Billings and Collections Section at (504) 255-5344 with any questions regarding this notice.